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JON M. HUNTSMAN, JR.
Governor

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Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Outgoing
C0070045
#3494
OK

March 1, 2010

Gina Rau, Environmental Manager
Headwaters, Incorporated
10653 South River Front Parkway, Suite 300
South Jordan, Utah 84095

Subject: 2009 Annual Report Review, COVOL, C/007/0045, Task ID #3494
Outgoing File

Dear Ms. Rau:

The Division staff has completed the 2009 Annual Report Review. Enclosed is a copy of the review for COVOL, C/007/0045 completed on February 25, 2010.

Please note an updated Plate 5-1 has been requested.

Thank you for your diligence in completing the Annual Report. If you have any questions, please call me at (801) 538-5325.

Sincerely,

Daron Haddock
Permit Supervisor

sqs
Enclosure
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This Annual Report shows information the Division has for your mine. Please review the information to see if it is current. If the information needs to be updated please do so in this document. At the end of each section the operator is asked to verify if the information is correct. Please answer these questions and make all comments on this document. Submit the completed document and any additional information identified in the Appendices to the Division by April 30, 2010. During a complete inspection an inspector will check and verify the information. To enter text, click in the cell and type your response. You can use the tab key to move from one field to the next. To enter an X in a box, click next to the box, right click, and select properties, then the checked circle, then hit enter, or hit the unchecked circle if the X is to be removed.

GENERAL INFORMATION

Permittee Name	COVOL Engineered Fuels, LC
Mine Name	COVOL
Operator Name	
(If other then permittee)	
Permit Expiration Date	September 1, 2014
Permit Number	C/007/0045
Authorized Representative Title	Gina Rau, Environmental Manager
Phone Number	(801)984-3770
Fax Number	(801)984-9430
E-mail Address	grau@headwaters.com
Mailing Address	10653 South River Front Parkway, Suite 300, South Jordan, Utah 84095
Designated Representative	John Shaal, Vice President
Resident Agent	Gina Rau
Resident Agent Mailing Address	
Number of Binders Submitted	

Operator, please update any incorrect information.

IDENTIFICATION OF OTHER PERMITS

Identify other permits that are required in conjunction with mining and reclamation activities.

Permit Type	ID Number	Description	Expiration Date
MSHA Mine ID(s)	42-02398	Coal Loadout	N/A
MSHA Impoundment(s)	None		
NPDES/UPDES Permit(s)	UTR-000685	UPDES Multi-Sector General Permit for Storm Water Discharges	12/31/2011
PSD Permit(s) (Air)	DAQE-AN0129520006	Approval order	N/A
	-09		
Other			

Operator, please update any incorrect information.

CERTIFIED REPORTS

List the certified inspection reports as required by the rules and under the approved plan that must be periodically submitted to the Division. Specify whether the information is included as Appendix A to this report or currently on file with the Division.

Certified Reports:	Required		Included Included	or	DOGM file location Vol, Chapter, Page
	Yes	No			
Excess Spoil Piles	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
Refuse Piles	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		Most recent inspection and certification report is on file with the Division. (Received December 14, 2009)
Other					
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		

Operator: Has this commitment been acted on this year?
 Yes ☒ No ☐ Not required this year. ☐ If yes, comment;

Operator Comments: The annual impoundment inspection and certification was performed in 2009 on the two basins at Covol's Wellington facility. The report was submitted to UDOGM on December 9, 2009.

Inspector:

Has the operator complied with this section? Yes ☒ No ☐

Inspector Comments:

To date, neither pond has collected much runoff. The inlet ditches are well maintained. Erosion has been addressed as needed. Neither pond has ever discharged.

COMMITMENTS AND CONDITIONS

The Permittee is responsible for ensuring annual technical commitments in the MRP and conditions accepted with the permit are completed throughout the year. The Division has identified these commitments below and has provided space for you to report what you have done during the past year for each commitment. If the particular section is blank, no commitment has been identified and no response is required for this report. If additional written response is required, it should be filed under Appendix B to this report.

Admin R645-301-100

Soils R645-301-200

Biology R645-301-300

2009 ANNUAL REPORT**Page 3****Title:** Burrowing Owl Survey**Objective:** Determine occupancy in prairie dog colonies**Frequency:** 1 survey to be conducted in the Spring of 2010**Status:** pending**Reports:** Provide data summary to DOGM within 30 days of completed survey**Citation:** MRP condition**Operator:** Has this commitment been acted on this year?Yes ☐ No ☒ Not required this year. ☐ If yes, comment;**Operator Comments:** Permit C/007/0045 became effective on August 31, 2009. Per the permit application, a burrowing survey must be performed during the nesting season in 2010.**Inspector:**Has the operator complied with this section? Yes ☐ No ☒**Inspector Comments:**

The Permittee is not required to address this commitment until the nesting season of 2010.

Landuse, Cultural Resources, Air Quality R645-301- 400

Engineering R645-301-500

Geology R645-301-600

Hydrology R645-301-700

Bonding & Insurance R645-301-800

Other Commitments

*Reminder: If equipment has been abandoned during 2009, an amendment must be submitted that includes a map showing its location, a description of what was abandoned, whether there were any hazardous or toxic materials and any revision to the PHC as necessary.

REPORTING OF OTHER TECHNICAL DATA

List other technical data and information as required under the approved plan, which must be periodically submitted to the Division. Specify whether the information is included as Appendix B to this report or currently on file with the Division.

Operator Comments: Covol submitted the analytical data from the groundwater sampling on December 16, 2009. Groundwater sampling was required on a quarterly basis for one year.

Inspector:Has the operator complied with this section? Yes ☒ No ☐

Inspector Comments: The Division reviewed the groundwater data received on December 16, 2009 as Task ID # 3420. Final approval of this submittal was granted on December 21, 2009.

LEGAL, FINANCIAL, COMPLIANCE AND RELATED INFORMATION

Change in administration or corporate structure can often bring about necessary changes to information found in the mining and reclamation plan. The Division is Requesting that each permittee review and update the legal, financial, compliance and related information in the plan as part of the annual report. Please provide the Department of Commerce, Annual Report of Officers, or other equivalent information as necessary to ensure that the information provided in the plan is current. Provide any other change as necessary regarding land ownership, lease acquisitions, legal results from appeals of violations, or other changes as necessary to update information required in the mining and reclamation plan. Include certified financial statements, audits or worksheets, which may be required to meet bonding requirements. Specify whether the information is currently on file with the Division or included as Appendix C to the report.

Legal / Financial Update	Required Yes	No	Included Included	or	DOGM File location Vol, Chapter, Page
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Department of Commerce, Annual Report Officers	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
Other					
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
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Operator Comments: The list of Officers and Directors on file with UDOGM is current. In the permit application that was approved in August 2009, Earnest Partners was shown as an entity owning more than 10% of Headwaters' stock. Earnest Partners now owns less than 10% of Headwaters' stock.

Inspector:

Has the operator complied with this section? Yes ☐ No ☐

Inspector Comments:

MAPS

Copies of mine maps, current and up-to-date through at least December 31, 2009, are to be provided to the Division as Appendix D to this report in accordance with the requirements of R 645-301-525.240. The map copies shall be made in accordance with 30 CFR 75.1200 as required by MSHA. Mine maps are not considered confidential. (Please provide a CD.)

Confidential information is limited to:

R645-300-124.310. Information that pertains only to the analysis of the chemical and physical properties of the coal to be mined, except information on components of such coal which are potentially toxic in the environment.

R645-300-124.330. Information on the nature and location of archeological resources on public land and Indian land as required under the Archeological Resources Protection Act of 1979 (P. L. 96-95, 93 Stat. 721, 16 U.S.C. 470).

R645-301-322, Fish and Wildlife Information; R645-301-322.100, the scope and level of detail for such information will be determined by the Division in consultation with state and federal agencies with responsibilities for fish and wildlife and will be sufficient to design the protection and enhancement plan required under R645-301-333 and R645-301-322.230, other species or habitats identified through agency consultation as requiring special protection under state or federal law; R645-301-333.300, Include protective measures that will be used during the active mining phase of operation.

The Division will provide procedures, including notice and opportunity to be heard for persons both seeking and opposing disclosure.

Map Number(s)**Map Title/ Description**

Annual subsidence map			
Mine map	Plate 5-1: General Site Map		
Other maps		Confidential	
		Yes	No
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Operator Comments: The General Site Map has not changed since submitted with the final permit application in August 2009. Even though it has not changed, it is being submitted as part of Appendix D.

Inspector:

Has the operator complied with this section? Yes ☐ No ☒

Inspector Comments:

The General Site Map, PLATE 5-1 is the same plate that was approved as part of the permit issuance in August 2009. However, in the six months which have passed, the acreage north of and between the two sediment ponds and the loop road is now being used as a coal storage drying area.

The Permittee needs to revise PLATE 5-1 to show this area as a coal storage area, in accordance with R645-301-521.164, and Proposed Features for the Permit Area (R645-301-521.160).

Please provide any comments of further information to be included as part of the Annual Report. Any other attachments are to be provided as Appendix E to this report. If information is submitted as a group rather than by individual mine, please identify each of the mine's data in the list below.

Yes ☐

No ☒

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

Inspector:

Has the operator complied with this section? Yes ☐ No ☐

O:\AnnualReport\2009 Annual Reports\Active Mines\COVOL Processing plant C0070045.doc

APPENDIX A

Certified Reports

Excess Spoil Piles
Refuse Piles
Impoundments

As required under R645-301-514

CONTENTS

APPENDIX B

Reporting of Technical Data

Including monitoring data, reports, maps, and other information
As required under the approved plan or as required by the Division

In accordance with the requirement of R645-310-130 and R645-301-140

CONTENTS

APPENDIX C

Legal Financial, Compliance and Related Information

Annual Report of Officers
As submitted to the Utah Department of Commerce

Other change in ownership and control information
As required under R645-301-110

CONTENTS

APPENDIX D

Mine Maps

As required under R645-302-525-270

CONTENTS

Plate 5-1: General Site Map

APPENDIX E

Other Information

In accordance with the requirements of R645-301 and R645-302

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